

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ISLAMA 01565 121545Z

21

ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

AID-05 XMB-02 CIAE-00 INR-07 NSAE-00 L-03 IGA-02 /044 W

----- 051692

R 120800Z FEB 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 4113

LIMITED OFFICIAL USE ISLAMABAD 1565

FOR OPIC

E.O. 11652: N/A

TAGS: EINV, EFIN, PK

SUBJECT: OPIC LOAN PROGRAM

REFERENCE: BOSTWICK - AMSTUTZ LETTER, JANUARY 21, 1976

1. EMBOFFS FEBRUARY 9 MADE AN INFORMAL APPROACH TO FINANCE MINISTRY (JOINT SECRETARY SIRAJ YUSUF KHAN) TO DISCUSS THE POSSIBILITY OF WORKING OUT GUIDELINES FOR A FUTURE OPIC LOAN PROGRAM. THEY LEFT WITH SIRAJ YUSUF KHAN A COPY OF THE LIST OF CRITERIA DRAWN FROM REFERENCED LETTER, DESCRIBING THIS AS AN ILLUSTRATION OF THE TYPE OF APPROACH OPIC WAS NOW CONSIDERING, AND SUGGESTING THAT SIRAJ YUSUF KHAN GIVE HIS REACTION TO THE LIST, ON A SIMILARLY INFORMAL BASIS, WHEN HE HAD HAD TIME TO CONSIDER IT AND TO CONSULT GOP COLLEAGUES.

2. DEPARTMENT AND OPIC WILL RECALL THAT SIRAJ YUSUF KHAN HAD SUGGESTED LAST SUMMER WHEN BOSTWICK VISITED HERE THAT A RENEWED COOLEY LOAN PROGRAM MIGHT BE ACCEPTABLE TO THE GOP IF SOME WAY COULD BE WORKED OUT TO EARMARK REFLOWS FOR ELIMINATION OR GRANTING BACK TO PAKISTAN. THIS WAS STILL VERY MUCH ON HIS MIND. EMBOFFS SAID, AS INDICATED IN REF LETTER, THAT IT WOULD NOT BE POSSIBLE TO MAKE A FORMAL, WRITTEN AGREEMENT TO THAT EFFECT, BUT

LIMITED OFFICIAL USE

PAGE 02 ISLAMA 01565 121545Z

THAT VERBAL ASSURANCES FOR GRANT EARMARKING WOULD BE

POSSIBLE. THEY POINTED OUT THAT AID WAS CURRENTLY MAKING MONDALE GRANTS TO THE MAXIMUM EXTENT POSSIBLE, AND THAT THIS EARMARKING WOULD ONLY BE POSSIBLE IF OPIC RESTRICTED ITSELF TO USING PL 480 SOURCE RUPEES FOR ITS LOCAL CURRENCY LOANS.

3. SIRAJ YUSUF KHAN WENT OVER IN SOME DETAIL THE TYPE OF GRANT PROGRAM TO WHICH HE WOULD LIKE TO SEE COOLEY LOAN REFLOWS APPLIED. THE BURDEN OF HIS ARGUMENT WAS THAT PAKISTAN'S CONTROL OVER THESE REFLOWS SHOULD BE MAXIMIZED AND THAT THEIR USE SHOULD NOT NECESSARILY BE TIED TO AID PROJECTS.

THE OBJECT, HE SAID, WAS TO ELIMINATE THESE RUPEES FROM FURTHER CIRCULATION, FOR EXAMPLE, BY USING THEM TO REPLACE PLANNED DEFICIT FINANCING.

4. EMBOFFS WERE LEFT WITH THE IMPRESSION THAT HE WAS NOT VERY WELL VERSED ON THE OPERATION OF THE PRESENT MONDALE GRANTS, AND THAT THE PRECISE DESCRIPTION HE GAVE, WHILE IT CERTAINLY REFLECTED HIS OWN STRONGLY HELD VIEWS, MIGHT NOT REFLECT A CONSIDERED GOP POLICY. THE MEETING IN ANY CASE CONCLUDED WITH A CONSENSUS THAT THESE THINGS COULD BE SETTLED WITH THE VARIOUS GOP MINISTRIES CONCERNED IF THE GENERAL OUTLINE OF THE PROPOSED PROGRAM WAS ACCEPTABLE.

5. A NUMBER OF OTHER MINISTERIAL ENTITIES WOULD BE INVOLVED IN ANY RENEWED COOLEY LOAN PROGRAM - PRIMARILY ECONOMIC AFFAIRS DIVISION AND THE STATE BANK, AND TO A LESSER DEGREE THE INDUSTRIES MINISTRY. IT IS PREMATURE AT THIS POINT TO INVOLVE THEM IN THIS DIALOGUE.  
LUPPI

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEVELOPMENT LOANS, DEVELOPMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976ISLAMA01565  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760054-0674  
**From:** ISLAMABAD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760256/aaaabwxm.tel  
**Line Count:** 93  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION OPIC  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 18 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18 JUN 2004 by GarlanWA>; APPROVED <01 JUL 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OPIC LOAN PROGRAM  
**TAGS:** EINV, EFIN, PK, OPIC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006